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Executive called spy case go-between

By Muriel Dobbin

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San Francisco — He was known as "The Yankee Trader," a veteran electronics entrepreneur opposed to restrictions on international trade, but to the FBI he was "The Big Man," allegedly a key figure in the latest espionage melodrama to surface in California's Silicon Valley.

Over the last decade, the nation's home of high technology has become a mecca for illegal traffickers in trade secrets, and this week, an FBI affidavit wove a tale of Silicon Valley spying at what was said to be "incalculable" cost to national security.

Federal authorities have estimated that at least 100 cases are under investigation in the crackdown on electronics espionage and theft. Douglas Southard, deputy district attorney of Santa Clara county, said there has been a "steady increase" in such cases since the first prosecution 10 years ago.

James Harper, a 49-year-old engineer, was charged with stealing top-secret documents on ballistic missiles and selling the data to a Polish espionage agent for at least \$250,000. But the shadowy figure who dominates the most recent spy saga is James Bell Hugle, 56, a electronics executive who once considered a run for Congress. According to the FBI, he was the go-between who introduced the defendant to Communist agents with a "shopping list" of American defense secrets.

Mr. Hugle has not been charged so far in the case, although he was said

to have testified briefly Monday before the federal grand jury now hearing testimony. While an FBI spokesman refused to confirm that more arrests were pending, he said that the investigation "is continuing."

Don Hoeffler, publisher of the *Microelectronics News*, a weekly newsletter about Silicon Valley, recalled his days as a "drinking buddy" of Mr. Hugle. "He was always more of a promoter than an engineer, but I never thought of him as a traitor," he said in an interview.

Mr. Hoeffler said he had known Mr. Hugle for many years, since he became involved in the early electronics development of the Fifties, founding half a dozen companies in the Santa Clara valley and filing patents in the area of microcircuit and solid-state electronics.

Mr. Hugle, he recalled, had always objected to trade restrictions.

"He believed in unfettered international trade and he always seemed to be in fights with the Department of Commerce. He felt you couldn't stop material getting behind the Iron Curtain, so why have laws that didn't work?" said Mr. Hoeffler.

The FBI documents claim that Mr. Hugle was an intermediary between Mr. Harper and Polish agents from 1975 to 1979. The documents say one of those agents was Zdzislaw Przychodzien, a lieutenant colonel in the Polish Intelligence Service known as "The Minister."

Federal bankruptcy records in California show that in 1974, Mr. Hugle was paid \$684,000 for equipment from his now-defunct electronics firm, and one of the men who signed a receipt for that money was Mr. Przychodzien, who was listed as representing a Polish government-owned export company.

Mr. Hugle's name floats through the 32 pages of the FBI affidavit, which alleges that he met with Mr. Harper in Poland, Switzerland and

Austria in the course of meetings at which documents were provided to "The Minister" and agreements were made about a three-way split of money among Mr. Harper, Mr. Hugle and Mr. Harper's late wife, Ruby Louise Schuler Harper.

Mrs. Harper, who died in June of cirrhosis of the liver, was an executive secretary at a Palo Alto firm involved in classified defense research and had clearance for classified information. She allegedly gave her husband classified documents that he passed on.

The Harper case is the latest in a string of espionage dramas that have been played in Silicon Valley. The best-publicized spy case involved

Christopher John Boyce, convicted in 1977 of selling to the Soviets classified information dealing with American satellite surveillance systems from TRW Company in Redondo Beach, where he was a security clerk.

Mr. Harper is represented by one of Boyce's attorneys, William Dougherty, who also was a lawyer for Walter J. Spawr, of Corona, convicted in 1980 of illegally exporting high-technology laser beams to Russia.

Thomas Pardoe, a corporate government security officer for Monolithic Memories, a Sunnyvale firm involved in classified federal work, said he had noticed a "sharp tightening" of security and regulation over the last year.

"Both the private sector and the federal government have come to realize what is at stake," said Mr. Pardoe in an interview.



Associated Press

WILLIAM BELL HUGLE
... named in FBI affidavit